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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 490

02/11/2013 Authored by Lenczewski  
The bill was read for the first time and referred to the Committee on Taxes  
02/28/2013 Adoption of Report: Re-referred to the Committee on Civil Law without further recommendation

1.1 A bill for an act  
1.2 relating to taxation; making policy changes to income and franchise taxes,  
1.3 property taxes, sales and use taxes, and other taxes and tax provisions; amending  
1.4 Minnesota Statutes 2012, sections 123A.455, subdivision 1; 270.077; 270C.34,  
1.5 subdivision 1; 270C.38, subdivision 1; 272.03, subdivision 9; 273.114,  
1.6 subdivision 6; 273.13, subdivisions 23, 25; 273.372, subdivision 4; 289A.12,  
1.7 subdivision 14; 290.9705, subdivision 1; 290B.04, subdivision 2; 296A.01,  
1.8 subdivision 19; 297A.665; 297F.01, subdivision 23; 297I.05, subdivisions 7,  
1.9 12; 297I.30, subdivisions 1, 2.

1.10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.11 ARTICLE 1  
1.12 INCOME AND FRANCHISE TAXES

1.13 Section 1. Minnesota Statutes 2012, section 289A.12, subdivision 14, is amended to  
1.14 read:

1.15 Subd. 14. **Regulated investment companies; reporting exempt-interest**  
1.16 **dividends.** (a) A regulated investment company paying \$10 or more in exempt-interest  
1.17 dividends to an individual who is a resident of Minnesota must make a return indicating  
1.18 the amount of the exempt-interest dividends, the name, address, and Social Security  
1.19 number of the recipient, and any other information that the commissioner specifies. The  
1.20 return must be provided to the shareholder by February 15 of the year following the year  
1.21 of the payment. The return provided to the shareholder must include a clear statement,  
1.22 in the form prescribed by the commissioner, that the exempt-interest dividends must be  
1.23 included in the computation of Minnesota taxable income. By June 1 of each year, the  
1.24 regulated investment company must file a copy of the return with the commissioner.

1.25 ~~(b) This subdivision applies to regulated investment companies required to register~~  
1.26 ~~under chapter 80A.~~

2.1 (e) ~~(b)~~ For purposes of this subdivision, the following definitions apply.

2.2 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in  
 2.3 section 852(b)(5) of the Internal Revenue Code, but does not include the portion of  
 2.4 exempt-interest dividends that are not required to be added to federal taxable income  
 2.5 under section 290.01, subdivision 19a, clause (1)(ii).

2.6 (2) "Regulated investment company" means regulated investment company as  
 2.7 defined in section 851(a) of the Internal Revenue Code or a fund of the regulated  
 2.8 investment company as defined in section 851(g) of the Internal Revenue Code.

2.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.10 Sec. 2. Minnesota Statutes 2012, section 290.9705, subdivision 1, is amended to read:

2.11 Subdivision 1. **Withholding of payments to out-of-state contractors.** (a) In this  
 2.12 section, "person" means a person, corporation, or cooperative, the state of Minnesota and  
 2.13 its political subdivisions, and a city, county, and school district in Minnesota.

2.14 (b) A person who in the regular course of business is hiring, contracting, or having a  
 2.15 contract with a nonresident person or foreign corporation, ~~as defined in Minnesota Statutes~~  
 2.16 ~~1986, section 290.01, subdivision 5,~~ to perform construction work in Minnesota, shall  
 2.17 deduct and withhold eight percent of ~~cumulative calendar year~~ payments made to the  
 2.18 contractor ~~which exceed~~ if the value of the contract exceeds \$50,000.

2.19 **EFFECTIVE DATE.** This section is effective for payments made to contractors  
 2.20 after December 31, 2013.

## 2.21 **ARTICLE 2**

### 2.22 **PROPERTY TAXES**

2.23 Section 1. Minnesota Statutes 2012, section 123A.455, subdivision 1, is amended to  
 2.24 read:

2.25 Subdivision 1. **Definitions.** "Split residential property parcel" means a parcel of  
 2.26 real estate that is located within the boundaries of more than one school district and that  
 2.27 is classified as residential property under:

2.28 (1) section 273.13, subdivision 22, paragraph (a) or (b);

2.29 (2) section 273.13, subdivision 25, paragraph (b), clause (1); or

2.30 (3) section 273.13, subdivision 25, paragraph (c), ~~clause (1).~~

2.31 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and  
 2.32 thereafter.

3.1 Sec. 2. Minnesota Statutes 2012, section 270.077, is amended to read:

3.2 **270.077 TAXES CREDITED TO STATE AIRPORTS FUND.**

3.3 All taxes levied under sections 270.071 to 270.079 must be collected by the  
3.4 commissioner and credited to the state airports fund created in section 360.017.

3.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.6 Sec. 3. Minnesota Statutes 2012, section 270C.34, subdivision 1, is amended to read:

3.7 Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any  
3.8 penalty or interest that is imposed by a law administered by the commissioner, or imposed  
3.9 by section 270.0725, subdivision 1 or 2, or 270.075, subdivision 2, as a result of the late  
3.10 payment of tax or late filing of a return, or any part of an additional tax charge under  
3.11 section 289A.25, subdivision 2, or 289A.26, subdivision 4, if the failure to timely pay the  
3.12 tax or failure to timely file the return is due to reasonable cause, or if the taxpayer is located  
3.13 in a presidentially declared disaster or in a presidentially declared state of emergency area  
3.14 or in an area declared to be in a state of emergency by the governor under section 12.31.

3.15 (b) The commissioner shall abate any part of a penalty or additional tax charge  
3.16 under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous  
3.17 advice given to the taxpayer in writing by an employee of the department acting in  
3.18 an official capacity, if the advice:

3.19 (1) was reasonably relied on and was in response to a specific written request of the  
3.20 taxpayer; and

3.21 (2) was not the result of failure by the taxpayer to provide adequate or accurate  
3.22 information.

3.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.24 Sec. 4. Minnesota Statutes 2012, section 272.03, subdivision 9, is amended to read:

3.25 Subd. 9. **Person.** "Person" ~~includes~~ means an individual, association, estate, trust,  
3.26 partnership, firm, company, or corporation.

3.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.28 Sec. 5. Minnesota Statutes 2012, section 273.114, subdivision 6, is amended to read:

3.29 Subd. 6. **Additional taxes.** (a) When real property which is being, or has been  
3.30 valued and assessed under this section is sold, transferred, or no longer qualifies under  
3.31 subdivision 2, the portion sold, transferred, or no longer qualifying shall be subject to

4.1 additional taxes in the amount equal to the difference between the taxes determined in  
 4.2 accordance with subdivision 3 and the amount determined under subdivision 4, provided  
 4.3 that the amount determined under subdivision 4 shall not be greater than it would have  
 4.4 been had the actual bona fide sale price of the real property at an arm's-length transaction  
 4.5 been used in lieu of the market value determined under subdivision 4. The additional taxes  
 4.6 shall be extended against the property on the tax list for taxes payable in the current year,  
 4.7 provided that no interest or penalties shall be levied on the additional taxes if timely paid  
 4.8 and provided that the additional taxes shall only be levied with respect to the current year  
 4.9 plus two prior years that the property has been valued and assessed under this section.

4.10 (b) In the case of a sale or transfer, the additional taxes under paragraph (a) shall not  
 4.11 be extended against the property if the new owner submits a successful application under  
 4.12 this section by the later of May 1 of the current year or 30 days after the sale or transfer.

4.13 (c) For the purposes of this section, the following events do not constitute a sale or  
 4.14 transfer for property that qualified under subdivision 2 prior to the event:

4.15 (1) death of a property owner when the surviving owners retain ownership of the  
 4.16 property;

4.17 (2) divorce of a married couple when one of the spouses retains ownership of the  
 4.18 property;

4.19 (3) marriage of a single property owner when that owner retains ownership of the  
 4.20 property in whole or in part;

4.21 (4) the organization or reorganization of a farm ownership entity that is not prohibited  
 4.22 from owning agricultural land in this state under section 500.24, if all owners maintain the  
 4.23 same beneficial interest both before and after the organization or reorganization; and

4.24 (5) transfer of the property to a trust or trustee, provided that the individual owners  
 4.25 of the property are the grantors of the trust and they maintain the same beneficial interest  
 4.26 both before and after placement of the property in trust.

4.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.28 Sec. 6. Minnesota Statutes 2012, section 273.13, subdivision 23, is amended to read:

4.29 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural  
 4.30 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to  
 4.31 the class 2a land under the same ownership. The market value of the house and garage  
 4.32 and immediately surrounding one acre of land has the same class rates as class 1a or 1b  
 4.33 property under subdivision 22. The value of the remaining land including improvements  
 4.34 up to the first tier valuation limit of agricultural homestead property has a net class rate  
 4.35 of 0.5 percent of market value. The remaining property over the first tier has a class rate

5.1 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
5.2 limit of agricultural homestead property" and "first tier" means the limit certified under  
5.3 section 273.11, subdivision 23.

5.4 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
5.5 are agricultural land and buildings. Class 2a property has a net class rate of one percent of  
5.6 market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
5.7 property must also include any property that would otherwise be classified as 2b, but is  
5.8 interspersed with class 2a property, including but not limited to sloughs, wooded wind  
5.9 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,  
5.10 and other similar land that is impractical for the assessor to value separately from the rest of  
5.11 the property or that is unlikely to be able to be sold separately from the rest of the property.

5.12 An assessor may classify the part of a parcel described in this subdivision that is used  
5.13 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

5.14 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof,  
5.15 that are unplatted real estate, rural in character and not used for agricultural purposes,  
5.16 including land used for growing trees for timber, lumber, and wood and wood products,  
5.17 that is not improved with a structure. The presence of a minor, ancillary nonresidential  
5.18 structure as defined by the commissioner of revenue does not disqualify the property from  
5.19 classification under this paragraph. Any parcel of 20 acres or more improved with a  
5.20 structure that is not a minor, ancillary nonresidential structure must be split-classified, and  
5.21 ten acres must be assigned to the split parcel containing the structure. Class 2b property  
5.22 has a net class rate of one percent of market value unless it is part of an agricultural  
5.23 homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

5.24 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
5.25 acres statewide per taxpayer that is being managed under a forest management plan that  
5.26 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest  
5.27 resource management incentive program. It has a class rate of .65 percent, provided that  
5.28 the owner of the property must apply to the assessor in order for the property to initially  
5.29 qualify for the reduced rate and provide the information required by the assessor to verify  
5.30 that the property qualifies for the reduced rate. If the assessor receives the application  
5.31 and information before May 1 in an assessment year, the property qualifies beginning  
5.32 with that assessment year. If the assessor receives the application and information after  
5.33 April 30 in an assessment year, the property may not qualify until the next assessment  
5.34 year. The commissioner of natural resources must concur that the land is qualified. The  
5.35 commissioner of natural resources shall annually provide county assessors verification  
5.36 information on a timely basis. The presence of a minor, ancillary nonresidential structure

6.1 as defined by the commissioner of revenue does not disqualify the property from  
 6.2 classification under this paragraph.

6.3 (e) Agricultural land as used in this section means:

6.4 (1) contiguous acreage of ten acres or more, used during the preceding year for  
 6.5 agricultural purposes; or

6.6 (2) contiguous acreage used during the preceding year for an intensive livestock or  
 6.7 poultry confinement operation, provided that land used only for pasturing or grazing  
 6.8 does not qualify under this clause.

6.9 "Agricultural purposes" as used in this section means the raising, cultivation, drying,  
 6.10 or storage of agricultural products for sale, or the storage of machinery or equipment  
 6.11 used in support of agricultural production by the same farm entity. For a property to be  
 6.12 classified as agricultural based only on the drying or storage of agricultural products,  
 6.13 the products being dried or stored must have been produced by the same farm entity as  
 6.14 the entity operating the drying or storage facility. "Agricultural purposes" also includes  
 6.15 enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or  
 6.16 the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar  
 6.17 state or federal conservation program if the property was classified as agricultural (i)  
 6.18 under this subdivision for ~~the assessment year 2002~~ taxes payable in 2003 because of its  
 6.19 enrollment in a qualifying program and the land remains enrolled or (ii) in the year prior  
 6.20 to its enrollment. Agricultural classification shall not be based upon the market value of  
 6.21 any residential structures on the parcel or contiguous parcels under the same ownership.

6.22 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
 6.23 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
 6.24 of, a set of contiguous tax parcels under that section that are owned by the same person.

6.25 (f) ~~Real estate of~~ Agricultural land under this section also includes:

6.26 (1) contiguous acreage that is less than ten acres, which is in size and exclusively or  
 6.27 intensively used in the preceding year for raising or cultivating agricultural products, ~~shall~~  
 6.28 ~~be considered as agricultural land. To qualify under this paragraph, property that includes~~  
 6.29 ~~a residential structure must be used intensively for one of the following purposes;~~ or

6.30 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if  
 6.31 the contiguous acreage exclusive of the house, garage, and surrounding one acre of land  
 6.32 was used in the preceding year for one or more of the following three uses:

6.33 (i) for an intensive grain drying or storage of grain operation, or for intensive  
 6.34 machinery or equipment storage of machinery or equipment activities used to support  
 6.35 agricultural activities on other parcels of property operated by the same farming entity;

7.1 (ii) as a nursery, provided that only those acres used intensively to produce nursery  
7.2 stock are considered agricultural land; or

7.3 ~~(iii) for livestock or poultry confinement, provided that land that is used only for~~  
7.4 ~~pasturing and grazing does not qualify; or~~

7.5 ~~(iv)~~ (iii) for intensive market farming; for purposes of this paragraph, "market  
7.6 farming" means the cultivation of one or more fruits or vegetables or production of animal  
7.7 or other agricultural products for sale to local markets by the farmer or an organization  
7.8 with which the farmer is affiliated.

7.9 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
7.10 described in section 272.193, or all of a set of contiguous tax parcels under that section  
7.11 that are owned by the same person.

7.12 (g) Land shall be classified as agricultural even if all or a portion of the agricultural  
7.13 use of that property is the leasing to, or use by another person for agricultural purposes.

7.14 Classification under this subdivision is not determinative for qualifying under  
7.15 section 273.111.

7.16 (h) The property classification under this section supersedes, for property tax  
7.17 purposes only, any locally administered agricultural policies or land use restrictions that  
7.18 define minimum or maximum farm acreage.

7.19 (i) The term "agricultural products" as used in this subdivision includes production  
7.20 for sale of:

7.21 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
7.22 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains,  
7.23 bees, and apiary products by the owner;

7.24 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned  
7.25 for agricultural use;

7.26 (3) the commercial boarding of horses, which may include related horse training and  
7.27 riding instruction, if the boarding is done on property that is also used for raising pasture  
7.28 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

7.29 (4) property which is owned and operated by nonprofit organizations used for  
7.30 equestrian activities, excluding racing;

7.31 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under  
7.32 section 97A.105, provided that the annual licensing report to the Department of Natural  
7.33 Resources, which must be submitted annually by March 30 to the assessor, indicates  
7.34 that at least 500 birds were raised or used for breeding stock on the property during the  
7.35 preceding year and that the owner provides a copy of the owner's most recent schedule F;  
7.36 or (ii) for use on a shooting preserve licensed under section 97A.115;

8.1 (6) insects primarily bred to be used as food for animals;

8.2 (7) trees, grown for sale as a crop, including short rotation woody crops, and not  
8.3 sold for timber, lumber, wood, or wood products; and

8.4 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
8.5 Department of Agriculture under chapter 28A as a food processor.

8.6 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
8.7 purposes, including but not limited to:

8.8 (1) wholesale and retail sales;

8.9 (2) processing of raw agricultural products or other goods;

8.10 (3) warehousing or storage of processed goods; and

8.11 (4) office facilities for the support of the activities enumerated in clauses (1), (2),  
8.12 and (3),

8.13 the assessor shall classify the part of the parcel used for agricultural purposes as class  
8.14 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its  
8.15 use. The grading, sorting, and packaging of raw agricultural products for first sale is  
8.16 considered an agricultural purpose. A greenhouse or other building where horticultural  
8.17 or nursery products are grown that is also used for the conduct of retail sales must be  
8.18 classified as agricultural if it is primarily used for the growing of horticultural or nursery  
8.19 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of  
8.20 those products. Use of a greenhouse or building only for the display of already grown  
8.21 horticultural or nursery products does not qualify as an agricultural purpose.

8.22 (k) The assessor shall determine and list separately on the records the market value  
8.23 of the homestead dwelling and the one acre of land on which that dwelling is located. If  
8.24 any farm buildings or structures are located on this homesteaded acre of land, their market  
8.25 value shall not be included in this separate determination.

8.26 (l) Class 2d airport landing area consists of a landing area or public access area of  
8.27 a privately owned public use airport. It has a class rate of one percent of market value.  
8.28 To qualify for classification under this paragraph, a privately owned public use airport  
8.29 must be licensed as a public airport under section 360.018. For purposes of this paragraph,  
8.30 "landing area" means that part of a privately owned public use airport properly cleared,  
8.31 regularly maintained, and made available to the public for use by aircraft and includes  
8.32 runways, taxiways, aprons, and sites upon which are situated landing or navigational aids.  
8.33 A landing area also includes land underlying both the primary surface and the approach  
8.34 surfaces that comply with all of the following:

- 9.1 (i) the land is properly cleared and regularly maintained for the primary purposes of  
9.2 the landing, taking off, and taxiing of aircraft; but that portion of the land that contains  
9.3 facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;  
9.4 (ii) the land is part of the airport property; and  
9.5 (iii) the land is not used for commercial or residential purposes.

9.6 The land contained in a landing area under this paragraph must be described and certified  
9.7 by the commissioner of transportation. The certification is effective until it is modified,  
9.8 or until the airport or landing area no longer meets the requirements of this paragraph.  
9.9 For purposes of this paragraph, "public access area" means property used as an aircraft  
9.10 parking ramp, apron, or storage hangar, or an arrival and departure building in connection  
9.11 with the airport.

9.12 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively  
9.13 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
9.14 located in a county that has elected to opt-out of the aggregate preservation program as  
9.15 provided in section 273.1115, subdivision 6. It has a class rate of one percent of market  
9.16 value. To qualify for classification under this paragraph, the property must be at least  
9.17 ten contiguous acres in size and the owner of the property must record with the county  
9.18 recorder of the county in which the property is located an affidavit containing:

- 9.19 (1) a legal description of the property;  
9.20 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
9.21 actively being mined but is present on the entire parcel enrolled;  
9.22 (3) documentation that the conditional use under the county or local zoning  
9.23 ordinance of this property is for mining; and  
9.24 (4) documentation that a permit has been issued by the local unit of government  
9.25 or the mining activity is allowed under local ordinance. The disclosure must include a  
9.26 statement from a registered professional geologist, engineer, or soil scientist delineating  
9.27 the deposit and certifying that it is a commercial aggregate deposit.

9.28 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
9.29 means a deposit that will yield crushed stone or sand and gravel that is suitable for use  
9.30 as a construction aggregate; and "actively mined" means the removal of top soil and  
9.31 overburden in preparation for excavation or excavation of a commercial deposit.

9.32 (n) When any portion of the property under this subdivision or subdivision 22 begins  
9.33 to be actively mined, the owner must file a supplemental affidavit within 60 days from  
9.34 the day any aggregate is removed stating the number of acres of the property that is  
9.35 actively being mined. The acres actively being mined must be (1) valued and classified  
9.36 under subdivision 24 in the next subsequent assessment year, and (2) removed from the

10.1 aggregate resource preservation property tax program under section 273.1115, if the  
 10.2 land was enrolled in that program. Copies of the original affidavit and all supplemental  
 10.3 affidavits must be filed with the county assessor, the local zoning administrator, and the  
 10.4 Department of Natural Resources, Division of Land and Minerals. A supplemental  
 10.5 affidavit must be filed each time a subsequent portion of the property is actively mined,  
 10.6 provided that the minimum acreage change is five acres, even if the actual mining activity  
 10.7 constitutes less than five acres.

10.8 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are  
 10.9 not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions  
 10.10 in section 14.386 concerning exempt rules do not apply.

10.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and  
 10.12 thereafter.

10.13 Sec. 7. Minnesota Statutes 2012, section 273.13, subdivision 25, is amended to read:

10.14 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more  
 10.15 units and used or held for use by the owner or by the tenants or lessees of the owner  
 10.16 as a residence for rental periods of 30 days or more, excluding property qualifying for  
 10.17 class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other  
 10.18 than hospitals exempt under section 272.02, and contiguous property used for hospital  
 10.19 purposes, without regard to whether the property has been platted or subdivided. The  
 10.20 market value of class 4a property has a class rate of 1.25 percent.

10.21 (b) Class 4b includes:

10.22 (1) residential real estate containing less than four units that does not qualify as class  
 10.23 4bb, other than seasonal residential recreational property;

10.24 (2) manufactured homes not classified under any other provision;

10.25 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead  
 10.26 farm classified under subdivision 23, paragraph (b) containing two or three units; and

10.27 (4) unimproved property that is classified residential as determined under subdivision  
 10.28 33.

10.29 The market value of class 4b property has a class rate of 1.25 percent.

10.30 (c) Class 4bb includes:

10.31 (1) nonhomestead residential real estate containing one unit, other than seasonal  
 10.32 residential recreational property; and

10.33 (2) a single family dwelling, garage, and surrounding one acre of property on a  
 10.34 nonhomestead farm classified under subdivision 23, paragraph (b).

10.35 Class 4bb property has the same class rates as class 1a property under subdivision 22.

11.1 Property that has been classified as seasonal residential recreational property at  
11.2 any time during which it has been owned by the current owner or spouse of the current  
11.3 owner does not qualify for class 4bb.

11.4 (d) Class 4c property includes:

11.5 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
11.6 devoted to commercial temporary and seasonal residential occupancy for recreation  
11.7 purposes, for not more than 250 days in the year preceding the year of assessment. For  
11.8 purposes of this clause, property is devoted to a commercial purpose on a specific day  
11.9 if any portion of the property is used for residential occupancy, and a fee is charged for  
11.10 residential occupancy. Class 4c property under this clause must contain three or more  
11.11 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,  
11.12 or individual camping site equipped with water and electrical hookups for recreational  
11.13 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class  
11.14 4c under this clause is also class 4c under this clause regardless of the term of the rental  
11.15 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a  
11.16 property to be classified under this clause, either (i) the business located on the property  
11.17 must provide recreational activities, at least 40 percent of the annual gross lodging receipts  
11.18 related to the property must be from business conducted during 90 consecutive days,  
11.19 and either (A) at least 60 percent of all paid bookings by lodging guests during the year  
11.20 must be for periods of at least two consecutive nights; or (B) at least 20 percent of the  
11.21 annual gross receipts must be from charges for providing recreational activities, or (ii) the  
11.22 business must contain 20 or fewer rental units, and must be located in a township or a city  
11.23 with a population of 2,500 or less located outside the metropolitan area, as defined under  
11.24 section 473.121, subdivision 2, that contains a portion of a state trail administered by the  
11.25 Department of Natural Resources. For purposes of item (i)(A), a paid booking of five or  
11.26 more nights shall be counted as two bookings. Class 4c property also includes commercial  
11.27 use real property used exclusively for recreational purposes in conjunction with other class  
11.28 4c property classified under this clause and devoted to temporary and seasonal residential  
11.29 occupancy for recreational purposes, up to a total of two acres, provided the property is  
11.30 not devoted to commercial recreational use for more than 250 days in the year preceding  
11.31 the year of assessment and is located within two miles of the class 4c property with which  
11.32 it is used. In order for a property to qualify for classification under this clause, the owner  
11.33 must submit a declaration to the assessor designating the cabins or units occupied for 250  
11.34 days or less in the year preceding the year of assessment by January 15 of the assessment  
11.35 year. Those cabins or units and a proportionate share of the land on which they are located  
11.36 must be designated class 4c under this clause as otherwise provided. The remainder of the

12.1 cabins or units and a proportionate share of the land on which they are located will be  
 12.2 designated as class 3a. The owner of property desiring designation as class 4c property  
 12.3 under this clause must provide guest registers or other records demonstrating that the units  
 12.4 for which class 4c designation is sought were not occupied for more than 250 days in the  
 12.5 year preceding the assessment if so requested. The portion of a property operated as a  
 12.6 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other  
 12.7 nonresidential facility operated on a commercial basis not directly related to temporary and  
 12.8 seasonal residential occupancy for recreation purposes does not qualify for class 4c. For  
 12.9 the purposes of this paragraph, "recreational activities" means renting ice fishing houses,  
 12.10 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing  
 12.11 marina services, launch services, or guide services; or selling bait and fishing tackle;

12.12 (2) qualified property used as a golf course if:

12.13 (i) it is open to the public on a daily fee basis. It may charge membership fees or  
 12.14 dues, but a membership fee may not be required in order to use the property for golfing,  
 12.15 and its green fees for golfing must be comparable to green fees typically charged by  
 12.16 municipal courses; and

12.17 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

12.18 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction  
 12.19 with the golf course is classified as class 3a property;

12.20 (3) real property up to a maximum of three acres of land owned and used by a  
 12.21 nonprofit community service oriented organization and not used for residential purposes  
 12.22 on either a temporary or permanent basis, provided that:

12.23 (i) the property is not used for a revenue-producing activity for more than six days  
 12.24 in the calendar year preceding the year of assessment; or

12.25 (ii) the organization makes annual charitable contributions and donations at least  
 12.26 equal to the property's previous year's property taxes and the property is allowed to be  
 12.27 used for public and community meetings or events for no charge, as appropriate to the  
 12.28 size of the facility.

12.29 For purposes of this clause:

12.30 (A) "charitable contributions and donations" has the same meaning as lawful  
 12.31 gambling purposes under section 349.12, subdivision 25, excluding those purposes  
 12.32 relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

12.33 (B) "property taxes" excludes the state general tax;

12.34 (C) a "nonprofit community service oriented organization" means any corporation,  
 12.35 society, association, foundation, or institution organized and operated exclusively for  
 12.36 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from

13.1 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal  
13.2 Revenue Code; and

13.3 (D) "revenue-producing activities" shall include but not be limited to property or that  
13.4 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt  
13.5 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling  
13.6 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an  
13.7 insurance business, or office or other space leased or rented to a lessee who conducts a  
13.8 for-profit enterprise on the premises.

13.9 Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The use  
13.10 of the property for social events open exclusively to members and their guests for periods  
13.11 of less than 24 hours, when an admission is not charged nor any revenues are received by  
13.12 the organization shall not be considered a revenue-producing activity.

13.13 The organization shall maintain records of its charitable contributions and donations  
13.14 and of public meetings and events held on the property and make them available upon  
13.15 request any time to the assessor to ensure eligibility. An organization meeting the  
13.16 requirement under item (ii) must file an application by May 1 with the assessor for  
13.17 eligibility for the current year's assessment. The commissioner shall prescribe a uniform  
13.18 application form and instructions;

13.19 (4) postsecondary student housing of not more than one acre of land that is owned by  
13.20 a nonprofit corporation organized under chapter 317A and is used exclusively by a student  
13.21 cooperative, sorority, or fraternity for on-campus housing or housing located within two  
13.22 miles of the border of a college campus;

13.23 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,  
13.24 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)  
13.25 manufactured home parks as defined in section 327.14, subdivision 3, that are described in  
13.26 section 273.124, subdivision 3a;

13.27 (6) real property that is actively and exclusively devoted to indoor fitness, health,  
13.28 social, recreational, and related uses, is owned and operated by a not-for-profit corporation,  
13.29 and is located within the metropolitan area as defined in section 473.121, subdivision 2;

13.30 (7) a leased or privately owned noncommercial aircraft storage hangar not exempt  
13.31 under section 272.01, subdivision 2, and the land on which it is located, provided that:

13.32 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan  
13.33 Airports Commission, or group thereof; and

13.34 (ii) the land lease, or any ordinance or signed agreement restricting the use of the  
13.35 leased premise, prohibits commercial activity performed at the hangar.

14.1 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must  
 14.2 be filed by the new owner with the assessor of the county where the property is located  
 14.3 within 60 days of the sale;

14.4 (8) a privately owned noncommercial aircraft storage hangar not exempt under  
 14.5 section 272.01, subdivision 2, and the land on which it is located, provided that:

14.6 (i) the land abuts a public airport; and

14.7 (ii) the owner of the aircraft storage hangar provides the assessor with a signed  
 14.8 agreement restricting the use of the premises, prohibiting commercial use or activity  
 14.9 performed at the hangar; and

14.10 (9) residential real estate, a portion of which is used by the owner for homestead  
 14.11 purposes, and that is also a place of lodging, if all of the following criteria are met:

14.12 (i) rooms are provided for rent to transient guests that generally stay for periods  
 14.13 of 14 or fewer days;

14.14 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated  
 14.15 in the basic room rate;

14.16 (iii) meals are not provided to the general public except for special events on fewer  
 14.17 than seven days in the calendar year preceding the year of the assessment; and

14.18 (iv) the owner is the operator of the property.

14.19 The market value subject to the 4c classification under this clause is limited to five rental  
 14.20 units. Any rental units on the property in excess of five, must be valued and assessed as  
 14.21 class 3a. The portion of the property used for purposes of a homestead by the owner must  
 14.22 be classified as class 1a property under subdivision 22;

14.23 (10) real property up to a maximum of three acres and operated as a restaurant  
 14.24 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake  
 14.25 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)  
 14.26 is either devoted to commercial purposes for not more than 250 consecutive days, or  
 14.27 receives at least 60 percent of its annual gross receipts from business conducted during  
 14.28 four consecutive months. Gross receipts from the sale of alcoholic beverages must be  
 14.29 included in determining the property's qualification under subitem (B). The property's  
 14.30 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop  
 14.31 sales located on the premises must be excluded. Owners of real property desiring 4c  
 14.32 classification under this clause must submit an annual declaration to the assessor by  
 14.33 February 1 of the current assessment year, based on the property's relevant information for  
 14.34 the preceding assessment year;

14.35 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used  
 14.36 as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to

15.1 the public and devoted to recreational use for marina services. The marina owner must  
15.2 annually provide evidence to the assessor that it provides services, including lake or river  
15.3 access to the public by means of an access ramp or other facility that is either located on  
15.4 the property of the marina or at a publicly owned site that abuts the property of the marina.  
15.5 No more than 800 feet of lakeshore may be included in this classification. Buildings used  
15.6 in conjunction with a marina for marina services, including but not limited to buildings  
15.7 used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing  
15.8 tackle, are classified as class 3a property; and

15.9 (12) real and personal property devoted to noncommercial temporary and seasonal  
15.10 residential occupancy for recreation purposes.

15.11 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each  
15.12 parcel of noncommercial seasonal residential recreational property under clause (12)  
15.13 has the same class rates as class 4bb property, (ii) manufactured home parks assessed  
15.14 under clause (5), item (i), have the same class rate as class 4b property, and the market  
15.15 value of manufactured home parks assessed under clause (5), item (ii), has the same class  
15.16 rate as class 4d property if more than 50 percent of the lots in the park are occupied by  
15.17 shareholders in the cooperative corporation or association and a class rate of one percent if  
15.18 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential  
15.19 recreational property and marina recreational land as described in clause (11), has a  
15.20 class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the  
15.21 remaining market value, (iv) the market value of property described in clause (4) has a  
15.22 class rate of one percent, (v) the market value of property described in clauses (2), (6), and  
15.23 (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property  
15.24 in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

15.25 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
15.26 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion  
15.27 of the units in the building qualify as low-income rental housing units as certified under  
15.28 section 273.128, subdivision 3, only the proportion of qualifying units to the total number  
15.29 of units in the building qualify for class 4d. The remaining portion of the building shall be  
15.30 classified by the assessor based upon its use. Class 4d also includes the same proportion of  
15.31 land as the qualifying low-income rental housing units are to the total units in the building.  
15.32 For all properties qualifying as class 4d, the market value determined by the assessor must  
15.33 be based on the normal approach to value using normal unrestricted rents.

15.34 Class 4d property has a class rate of 0.75 percent.

15.35 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and  
15.36 thereafter.

16.1 Sec. 8. Minnesota Statutes 2012, section 273.372, subdivision 4, is amended to read:

16.2 Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under  
16.3 section 270.82 or 273.371 by the date specified in that section, or by the date specified by  
16.4 the commissioner in an extension, may appeal administratively to the commissioner prior  
16.5 to bringing an action in court ~~by submitting.~~

16.6 (b) Companies that must submit reports under section 270.82 must submit a written  
16.7 request with to the commissioner for a conference within ten days after the date of the  
16.8 commissioner's valuation certification or notice to the company, or by ~~May~~ June 15,  
16.9 whichever is earlier.

16.10 (c) Companies that submit reports under section 273.371 must submit a written  
16.11 request to the commissioner for a conference within ten days after the date of the  
16.12 commissioner's valuation certification or notice to the company, or by July 1, whichever  
16.13 is earlier.

16.14 (d) The commissioner shall conduct the conference upon the commissioner's entire  
16.15 files and records and such further information as may be offered. The conference must  
16.16 be held no later than 20 days after the date of the commissioner's valuation certification  
16.17 or notice to the company, or by the date specified by the commissioner in an extension.  
16.18 Within 60 days after the conference the commissioner shall make a final determination of  
16.19 the matter and shall notify the company promptly of the determination. The conference  
16.20 is not a contested case hearing.

16.21 ~~(b)~~ (e) In addition to the opportunity for a conference under paragraph (a), the  
16.22 commissioner shall also provide the railroad and utility companies the opportunity to  
16.23 discuss any questions or concerns relating to the values established by the commissioner  
16.24 through certification or notice in a less formal manner. This does not change or modify  
16.25 the deadline for requesting a conference under paragraph (a), the deadline in section  
16.26 271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for  
16.27 appealing property taxes in court.

16.28 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

16.29 Sec. 9. Minnesota Statutes 2012, section 290B.04, subdivision 2, is amended to read:

16.30 Subd. 2. **Approval; recording.** The commissioner shall approve all initial  
16.31 applications that qualify under this chapter and shall notify qualifying homeowners on or  
16.32 before December 1. The commissioner may investigate the facts or require confirmation  
16.33 in regard to an application. The commissioner shall record or file a notice of qualification  
16.34 for deferral, including the names of the qualifying homeowners and a legal description  
16.35 of the property, in the office of the county recorder, or registrar of titles, whichever is

17.1 applicable, in the county where the qualifying property is located. The notice must state  
 17.2 that it serves as a notice of lien and that it includes deferrals under this section for future  
 17.3 years. The commissioner shall prescribe the form of the notice. Execution of the notice  
 17.4 by the original or facsimile signature of the commissioner or a delegate entitles them to  
 17.5 be recorded, and no other attestation, certification, or acknowledgment is necessary. The  
 17.6 homeowner shall pay the recording or filing fees for the notice, which, notwithstanding  
 17.7 section 357.18, shall be paid by the homeowner at the time of satisfaction of the lien.

17.8 **EFFECTIVE DATE.** This section is effective for notices that are both executed  
 17.9 and recorded after June 30, 2013.

### 17.10 **ARTICLE 3**

#### 17.11 **MISCELLANEOUS**

17.12 Section 1. Minnesota Statutes 2012, section 270C.38, subdivision 1, is amended to read:

17.13 Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written  
 17.14 determination or action of the commissioner is otherwise specifically provided for by  
 17.15 law, notice of the determination or action sent postage prepaid by United States mail to  
 17.16 the taxpayer or other person affected by the determination or action at the taxpayer's  
 17.17 or person's last known address, is sufficient. If the taxpayer or person being notified is  
 17.18 deceased or is under a legal disability, or, in the case of a corporation being notified that  
 17.19 has terminated its existence, notice to the last known address of the taxpayer, person, or  
 17.20 corporation is sufficient, unless the department has been provided with a new address by a  
 17.21 party authorized to receive notices from the commissioner.

17.22 (b) If a taxpayer or other person agrees to accept notification by electronic means,  
 17.23 notice of a determination or action of the commissioner sent by electronic mail to the  
 17.24 taxpayer's or person's last known electronic mailing address as provided for in section  
 17.25 325L.08 is sufficient.

17.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.27 Sec. 2. Minnesota Statutes 2012, section 296A.01, subdivision 19, is amended to read:

17.28 Subd. 19. **E85.** "E85" means a petroleum product that is a blend of agriculturally  
 17.29 derived denatured ethanol and gasoline or natural gasoline that typically contains not more  
 17.30 than 85 percent ethanol by volume, but at a minimum must contain 60 greater than 50  
 17.31 percent ethanol by volume. For the purposes of this chapter, the energy content of E85  
 17.32 will be considered to be 82,000 BTUs per gallon. E85 produced for use as a motor fuel in

18.1 alternative fuel vehicles as defined in subdivision 5 must comply with ASTM specification  
 18.2 ~~D5798-07~~ D5798-11.

18.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

18.4 Sec. 3. Minnesota Statutes 2012, section 297A.665, is amended to read:

18.5 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

18.6 (a) For the purpose of the proper administration of this chapter and to prevent  
 18.7 evasion of the tax, until the contrary is established, it is presumed that:

18.8 (1) all gross receipts are subject to the tax; and

18.9 (2) all retail sales for delivery in Minnesota are for storage, use, or other consumption  
 18.10 in Minnesota.

18.11 (b) The burden of proving that a sale is not a taxable retail sale is on the seller.

18.12 However, a seller is relieved of liability if:

18.13 (1) the seller obtains a fully completed exemption certificate or all the relevant  
 18.14 information required by section 297A.72, subdivision 2, at the time of the sale or within  
 18.15 90 days after the date of the sale; or

18.16 (2) if the seller has not obtained a fully completed exemption certificate or all the  
 18.17 relevant information required by section 297A.72, subdivision 2, within the time provided  
 18.18 in clause (1), within 120 days after a request for substantiation by the commissioner,  
 18.19 the seller either:

18.20 (i) obtains ~~in good faith~~ from the purchaser a fully completed exemption certificate  
 18.21 or all the relevant information required by section 297A.72, subdivision 2, ~~from the~~  
 18.22 ~~purchaser~~ taken in good faith which means that the exemption certificate claims an  
 18.23 exemption that (A) was statutorily available on the date of the transaction, (B) could be  
 18.24 applicable to the item for which the exemption is claimed, and (C) is reasonable for the  
 18.25 purchaser's type of business; or

18.26 (ii) proves by other means that the transaction was not subject to tax.

18.27 (c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

18.28 (1) fraudulently fails to collect the tax; or

18.29 (2) solicits purchasers to participate in the unlawful claim of an exemption.

18.30 (d) Notwithstanding paragraph (b), relief from liability does not apply to a seller  
 18.31 who has obtained information under paragraph (b), clause (2), if through the audit process  
 18.32 the commissioner finds the following:

18.33 (1) that at the time the information was provided the seller had knowledge or had  
 18.34 reason to know that the information relating to the exemption was materially false; or

19.1 (2) that the seller knowingly participated in activity intended to purposefully evade  
 19.2 the sales tax due on the transaction.

19.3 ~~(d)~~ (e) A certified service provider, as defined in section 297A.995, subdivision 2, is  
 19.4 relieved of liability under this section to the extent a seller who is its client is relieved of  
 19.5 liability.

19.6 ~~(e)~~ (f) A purchaser of tangible personal property or any items listed in section 297A.63  
 19.7 that are shipped or brought to Minnesota by the purchaser has the burden of proving that the  
 19.8 property was not purchased from a retailer for storage, use, or consumption in Minnesota.

19.9 ~~(f)~~ (g) If a seller claims that certain sales are exempt and does not provide the  
 19.10 certificate, information, or proof required by paragraph (b), clause (2), within 120 days  
 19.11 after the date of the commissioner's request for substantiation, then the exemptions  
 19.12 claimed by the seller that required substantiation are disallowed.

19.13 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2013.

19.14 Sec. 4. Minnesota Statutes 2012, section 297F.01, subdivision 23, is amended to read:

19.15 Subd. 23. **Wholesale sales price.** "Wholesale sales price" means the price stated  
 19.16 ~~on the price list in effect at the time of sale for which a manufacturer or person sells a~~  
 19.17 ~~tobacco product to a distributor, exclusive of any discount, promotional offer, or other~~  
 19.18 ~~reduction. For purposes of this subdivision, "price list" means the manufacturer's price at~~  
 19.19 ~~which tobacco products are made available for sale to all distributors on an ongoing basis~~  
 19.20 at which a distributor purchases a tobacco product. Wholesale sales price includes the  
 19.21 applicable federal excise tax, freight charges, or packaging costs, regardless of whether  
 19.22 they were included in the purchase price.

19.23 **EFFECTIVE DATE.** This section is effective for purchases made after December  
 19.24 31, 2013.

19.25 Sec. 5. Minnesota Statutes 2012, section 297I.05, subdivision 7, is amended to read:

19.26 Subd. 7. **Nonadmitted insurance premium tax.** (a) A tax is imposed on surplus  
 19.27 lines brokers. The rate of tax is equal to three percent of the gross premiums less return  
 19.28 premiums paid by an insured whose home state is Minnesota.

19.29 (b) A tax is imposed on ~~persons, firms, or corporations~~ a person, firm, corporation,  
 19.30 or purchasing group as defined in section 60E.02, or any member of a purchasing group,  
 19.31 that procure ~~procures~~ insurance directly from a nonadmitted insurer. The rate of tax is  
 19.32 equal to two percent of the gross premiums less return premiums paid by an insured  
 19.33 whose home state is Minnesota.

20.1 (c) No state other than the home state of an insured may require any premium tax  
20.2 payment for nonadmitted insurance. When Minnesota is the home state of the insured,  
20.3 as provided under section 297I.01, 100 percent of the gross premiums are taxable in  
20.4 Minnesota with no allocation of the tax to other states.

20.5 **EFFECTIVE DATE.** This section is effective for premiums received after  
20.6 December 31, 2013.

20.7 Sec. 6. Minnesota Statutes 2012, section 297I.05, subdivision 12, is amended to read:

20.8 Subd. 12. **Other entities.** (a) A tax is imposed equal to two percent of:

20.9 (1) gross premiums less return premiums written for risks resident or located in  
20.10 Minnesota by a risk retention group;

20.11 (2) gross premiums less return premiums received by an attorney in fact acting  
20.12 in accordance with chapter 71A;

20.13 (3) gross premiums less return premiums received pursuant to assigned risk policies  
20.14 and contracts of coverage under chapter 79; and

20.15 (4) the direct funded premium received by the reinsurance association under section  
20.16 79.34 from self-insurers approved under section 176.181 and political subdivisions that  
20.17 self-insure; and

20.18 ~~(5) gross premiums less return premiums paid to an insurer other than a licensed~~  
20.19 ~~insurance company or a surplus lines broker for coverage of risks resident or located in~~  
20.20 ~~Minnesota by a purchasing group or any members of the purchasing group to a broker or~~  
20.21 ~~agent for the purchasing group.~~

20.22 (b) A tax is imposed on a joint self-insurance plan operating under chapter 60F. The  
20.23 rate of tax is equal to two percent of the total amount of claims paid during the fund year,  
20.24 with no deduction for claims wholly or partially reimbursed through stop-loss insurance.

20.25 (c) A tax is imposed on a joint self-insurance plan operating under chapter 62H.  
20.26 The rate of tax is equal to two percent of the total amount of claims paid during the  
20.27 fund's fiscal year, with no deduction for claims wholly or partially reimbursed through  
20.28 stop-loss insurance.

20.29 (d) A tax is imposed equal to the tax imposed under section 297I.05, subdivision 5,  
20.30 on the gross premiums less return premiums on all coverages received by an accountable  
20.31 provider network or agents of an accountable provider network in Minnesota, in cash or  
20.32 otherwise, during the year.

20.33 **EFFECTIVE DATE.** This section is effective for premiums received after  
20.34 December 31, 2013.

21.1 Sec. 7. Minnesota Statutes 2012, section 297I.30, subdivision 1, is amended to read:

21.2 Subdivision 1. **General rule.** On or before March 1, every taxpayer subject to  
21.3 taxation under section 297I.05, subdivisions 1 to 5;<sup>2</sup> 7, paragraph (b);<sup>2</sup> 12, ~~paragraphs (a),~~  
21.4 ~~clauses (1) to (4), (b), (c), and (d);<sup>2</sup>~~ and 14, shall file an annual return for the preceding  
21.5 calendar year in the form prescribed by the commissioner.

21.6 **EFFECTIVE DATE.** This section is effective for premiums received after  
21.7 December 31, 2013.

21.8 Sec. 8. Minnesota Statutes 2012, section 297I.30, subdivision 2, is amended to read:

21.9 Subd. 2. **Surplus lines brokers and purchasing groups.** On or before February  
21.10 15 and August 15 of each year, every surplus lines broker subject to taxation under  
21.11 section 297I.05, subdivision 7, paragraph (a), ~~and every purchasing group or member of~~  
21.12 ~~a purchasing group subject to tax under section 297I.05, subdivision 12, paragraph (a),~~  
21.13 ~~clause (5),~~ shall file a return with the commissioner for the preceding six-month period  
21.14 ending December 31, or June 30, in the form prescribed by the commissioner.

21.15 **EFFECTIVE DATE.** This section is effective for premiums received after  
21.16 December 31, 2013.

APPENDIX  
Article locations in 13-0064

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